



**EHOVE JOINT VOCATIONAL SCHOOL DISTRICT
ERIE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

EHOVE Joint Vocational School District
Erie County
316 Mason Road West
Milan, Ohio 44846-9771

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the EHOVE Joint Vocational School District, Erie County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the EHOVE Joint Vocational School District, Erie County, Ohio, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

March 8, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999**

	Governmental Fund Type		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Equity in Pooled Cash and Investments	\$ 4,997,157	\$ 419,333	\$ 0
Receivables			
Taxes	4,857,696		
Accounts	467	32,215	
Intergovernmental	60,138	198,333	
Interfund Receivable	167,538		
Prepaid Items	8,717	1,842	
Restricted Assets:			
Equity in Pooled Cash and Investments	121,428		
Inventory Held For Resale		7,714	
Materials and Supplies Inventory	38,730		
Fixed Assets			
Other Debits:			
Amount To Be Provided From General Government Resources			
Total Assets and Other Debits	\$ 10,251,871	\$ 659,437	\$ 0
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	\$ 150,317	\$ 28,569	\$ 0
Accrued Wages	497,159	67,004	
Compensated Absences Payable	5,251		
Interfund Payables		167,538	
Due To Other Funds		96,290	
Intergovernmental Payable	159,800		
Due To Students			
Deferred Revenues	4,496,200	4,671	
Matured Interest Payable	1,433		
Notes Payable			
Total Liabilities	5,310,160	364,072	0
Equity and Other Credits:			
Investment In General Fixed Assets			
Fund Balances			
Reserved For Encumbrances	116,678	22,603	
Reserved For Inventory	38,730	8,372	
Reserved For Prepaid Items	8,717	1,842	
Reserve For Tax Advances Not Available for Appropriation	458,305		
Reserve For Budget Stabilization	121,428		
Unreserved, Undesignated	4,197,853	262,548	
Total Equity and Other Credits	4,941,711	295,365	0
Total Liabilities, Equity and Other Credits	\$ 10,251,871	\$ 659,437	\$ 0

The notes to the general-purpose financial statements are an integral part of this statement.

Fiduciary Fund Types	Account Groups		Totals (Memorandum only)
	General Fixed Assets	General Long-term Debt	
\$ 45,863	\$ 0	\$ 0	\$ 5,462,353
54			4,857,696
			32,736
			258,471
			167,538
			10,559
			121,428
			7,714
			38,730
	8,348,750		8,348,750
		732,234	732,234
\$ 45,917	\$ 8,348,750	\$ 732,234	\$ 20,038,209

\$ 54	\$ 0	\$ 0	\$ 178,940
			564,163
		332,234	337,485
			167,538
			96,290
1,632			161,432
22,606			22,606
			4,500,871
			1,433
		400,000	400,000
24,292	0	732,234	6,430,758
	8,348,750		8,348,750
			139,281
			47,102
			10,559
			458,305
			121,428
21,625			4,482,026
21,625	8,348,750	0	13,607,451
\$ 45,917	\$ 8,348,750	\$ 732,234	\$ 20,038,209

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Type		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	\$ 4,799,957	\$ 0	\$ 0
Intergovernmental	3,303,958	1,752,042	
Interest	333,807		
Tuition and Fees	28,617	976,934	
Extracurricular Activities		6,716	
Food Service		145,110	
Miscellaneous	83,442	203,240	
Total Revenues	<u>8,549,781</u>	<u>3,084,042</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	410,008		
Special	462,882	44,403	
Vocational	3,506,674	418,513	
Adult/Continuing		1,770,566	
Support Services:			
Pupils	506,267	498,353	
Instructional Staff	136,089	3,322	
Board of Education	27,977		
Administration	753,033	102,925	
Fiscal	316,661	5,000	
Business	153,976		3,072
Operation and Maintenance of Plant	1,142,074		
Pupil Transportation	13,449		
Central	442,539	41,639	
Operation of Non-Instructional Services:			
Other		171,610	
Capital Outlay	198,335		37,410
Debt Service:			
Principal Retirement	100,000		
Interest and Fiscal Charges	21,141		
Total Expenditures	<u>8,191,105</u>	<u>3,056,331</u>	<u>40,482</u>
Excess of Revenues Over (Under) Expenditures	<u>358,676</u>	<u>27,711</u>	<u>(40,482)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	3,354		
Refund of Prior Year Expenditures	27,832	326	
Operating Transfers In		76,454	
Operating Transfers Out	(78,656)		
Total Other Financing Sources (Uses)	<u>(47,470)</u>	<u>76,780</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	311,206	104,491	(40,482)
Fund Balances (Deficit) at Beginning of Year	4,628,505	190,874	40,482
Increase (Decrease) in Reserve for Inventory	2,000		
Fund Balances at End of Year	<u>\$ 4,941,711</u>	<u>\$ 295,365</u>	<u>\$ 0</u>

The notes to the general-purpose financial statements are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum only)</u>
<u>Expendable Trust</u>	
\$ 0	\$ 4,799,957
	5,056,000
1,183	334,990
	1,005,551
	6,716
	145,110
<u>5,576</u>	<u>292,258</u>
<u>6,759</u>	<u>11,640,582</u>
	410,008
	507,285
	3,925,187
3,081	1,773,647
	1,004,620
	139,411
	27,977
	855,958
	321,661
	157,048
	1,142,074
	13,449
	484,178
2,130	173,740
	235,745
	100,000
	21,141
<u>5,211</u>	<u>11,293,129</u>
<u>1,548</u>	<u>347,453</u>
	3,354
	28,158
	76,454
	(78,656)
<u>0</u>	<u>29,310</u>
1,548	376,763
20,077	4,879,938
	2,000
<u>\$ 21,625</u>	<u>\$ 5,258,701</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 4,600,000	\$ 4,663,224	\$ 63,224
Intergovernmental	3,232,000	3,319,919	87,919
Food Services			
Interest	275,000	349,119	74,119
Tuition and Fees	25,000	29,553	4,553
Miscellaneous	60,000	83,427	23,427
Total Revenues	<u>8,192,000</u>	<u>8,445,242</u>	<u>253,242</u>
Expenditures:			
Current:			
Instruction:			
Regular	406,414	404,339	2,075
Special	462,557	461,178	1,379
Vocational	3,459,943	3,455,512	4,431
Adult/Continuing			
Support Services:			
Pupils	532,979	532,271	708
Instructional Staff	144,002	142,289	1,713
Board of Education	29,300	27,384	1,916
Administration	778,488	777,142	1,346
Fiscal	222,747	221,028	1,719
Business	155,820	153,426	2,394
Operation and Maintenance of Plant	1,218,582	1,195,608	22,974
Pupil Transportation	14,420	14,158	262
Central	462,949	460,914	2,035
Operation of Non-Instructional Services			
Community Service			
Food Services			
Capital Outlay	269,536	265,059	4,477
Debt Service:			
Principal Retirement	121,500	121,500	0
Total Expenditures	<u>8,279,237</u>	<u>8,231,808</u>	<u>47,429</u>
Excess of Revenues Over (Under) Expenditures	<u>(87,237)</u>	<u>213,434</u>	<u>300,671</u>
Other Financing Sources (Uses):			
Sale and Loss of Assets	3,000	3,354	354
Refund of Prior Year Receipts	15,000	33,389	18,389
Advances In	121,000	121,504	504
Advances Out	(185,000)	(167,538)	17,462
Operating Transfers In			
Operating Transfers Out	(80,000)	(78,657)	1,343
Total Other Financing Sources (Uses)	<u>(126,000)</u>	<u>(87,948)</u>	<u>38,052</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(213,237)</u>	<u>125,486</u>	<u>338,723</u>
Fund Balances at Beginning of Year	4,689,284	4,689,284	0
Prior Year Encumbrances	99,963	99,963	0
Fund Balances at End of Year	<u>\$ 4,576,010</u>	<u>\$ 4,914,733</u>	<u>\$ 338,723</u>

Governmental Fund Types

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,819,878	1,739,150	(80,728)			
150,000	145,110	(4,890)			
970,030	958,192	(11,838)			
197,765	202,986	5,221			
<u>3,137,673</u>	<u>3,045,438</u>	<u>(92,235)</u>	<u>0</u>	<u>0</u>	<u>0</u>
44,010	43,795	215			
472,830	457,080	15,750			
1,730,508	1,702,590	27,918			
547,913	543,575	4,338			
2,400	3,557	(1,157)			
131,758	107,065	24,693			
5,000	5,000	0	662	3,072	(2,410)
42,519	41,575	944			
170,674	170,664	10	41,658	39,248	2,410
<u>3,147,612</u>	<u>3,074,901</u>	<u>72,711</u>	<u>42,320</u>	<u>42,320</u>	<u>0</u>
<u>(9,939)</u>	<u>(29,463)</u>	<u>(19,524)</u>	<u>(42,320)</u>	<u>(42,320)</u>	<u>0</u>
0	326	326	662	662	0
374	167,538	167,164			
0	(121,504)	(121,504)			
69,156	76,454	7,298			
<u>69,530</u>	<u>122,814</u>	<u>53,284</u>	<u>662</u>	<u>662</u>	<u>0</u>
59,591	93,351	33,760	(41,658)	(41,658)	0
144,904	144,904	0	611	611	0
115,463	115,463	0	41,047	41,047	0
<u>\$ 319,958</u>	<u>\$ 353,718</u>	<u>\$ 33,760</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

	Fiduciary Fund Type		
	Expendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental			
Food Services			
Interest	137	1,183	1,046
Tuition and Fees			
Miscellaneous	4,675	5,576	901
Total Revenues	<u>4,812</u>	<u>6,759</u>	<u>1,947</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing	4,000	3,081	919
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal	500	0	500
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Operation of Non-Instructional Services			
Community Service	2,800	2,130	670
Food Services			
Capital Outlay			
Debt Service:			
Principal Retirement			
Total Expenditures	<u>7,300</u>	<u>5,211</u>	<u>2,089</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,488)</u>	<u>1,548</u>	<u>4,036</u>
Other Financing Sources (Uses):			
Sale and Loss of Assets			
Refund of Prior Year Receipts			
Advances In			
Advances Out			
Operating Transfers In			
Operating Transfers Out			
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,488)	1,548	4,036
Fund Balances at Beginning of Year	20,077	20,077	0
Prior Year Encumbrances			
Fund Balances at End of Year	<u>\$ 17,589</u>	<u>\$ 21,625</u>	<u>\$ 4,036</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,600,000	\$ 4,663,224	\$ 63,224
5,051,878	5,059,069	7,191
150,000	145,110	(4,890)
275,137	350,302	75,165
995,030	987,745	(7,285)
262,440	291,989	29,549
<u>11,334,485</u>	<u>11,497,439</u>	<u>162,954</u>
406,414	404,339	2,075
506,567	504,973	1,594
3,932,773	3,912,592	20,181
1,734,508	1,705,671	28,837
1,080,892	1,075,846	5,046
146,402	145,846	556
29,300	27,384	1,916
910,246	884,207	26,039
228,247	226,028	2,219
156,482	156,498	(16)
1,218,582	1,195,608	22,974
14,420	14,158	262
505,468	502,489	2,979
2,800	2,130	670
170,674	170,664	10
311,194	304,307	6,887
<u>121,500</u>	<u>121,500</u>	<u>0</u>
<u>11,476,469</u>	<u>11,354,240</u>	<u>122,229</u>
<u>(141,984)</u>	<u>143,199</u>	<u>285,183</u>
3,000	3,354	354
15,662	34,377	18,715
121,374	289,042	167,668
(185,000)	(289,042)	(104,042)
69,156	76,454	7,298
<u>(80,000)</u>	<u>(78,657)</u>	<u>1,343</u>
<u>(55,808)</u>	<u>35,528</u>	<u>91,336</u>
(197,792)	178,727	376,519
4,854,876	4,854,876	0
256,473	256,473	0
<u>\$ 4,913,557</u>	<u>\$ 5,290,076</u>	<u>\$ 376,519</u>

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the Entity

The EHOVE Joint Vocational School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a joint vocational school district as defined by Section 3311.16 of the Ohio Revised Code. The District operates under an appointed Board of Education (9 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 815. The District employed 11 administrative and supervisory personnel, 75 certificated employees and 35 non-certificated employees.

The reporting entity is comprised of the District, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The District consists of all funds, departments, boards and agencies that are not legally separate from the District. For EHOVE, this includes regular vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes for the organization. The District has no component units.

The District is associated with two jointly governed organizations and two public entity risk pools. These organizations are presented in Notes 14 and 15 to the general-purpose financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. Basis of Presentation- Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

1. Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The District has no proprietary type funds.

3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they have been both collected by the county treasurer and available for advance at June 30. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Other revenues susceptible to accrual are intergovernmental, interest, and charges for services (accounts receivable). Expenditures are recorded when the related fund liability is incurred.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 1999 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary (cash) basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the year.

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30.

The appropriation resolution fixes spending authority at the object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Appropriations at the object level may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of moneys are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

5. Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. Equity in Pooled Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio, non-negotiable certificates of deposit, overnight repurchase agreements, treasury notes, federal agency securities, and commercial paper.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$333,807 which includes \$25,832 assigned from other District funds.

For purposes of presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

F. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables." Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

G. Inventories

Inventories of governmental funds are stated at cost. For all funds cost is determined on a first-in, first-out basis. The costs of inventory items are recognized as expenditures in governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at estimated historical cost when no historical records exist, and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of curbs, gutters, sidewalks, drainage systems, and lighting systems (if owned by the District) are not capitalized, as these assets are immovable and of value only to the District.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

The District currently participates in several State and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Eisenhower Grant
Vocational Education
Title VI
Preschool
Educational Management Information System
Professional Development
High Schools That Work
School-to-Work
Pell Scholarship

Reimbursable Grants

Capital Projects Funds

Vocational Education Equipment

Special Revenue Funds

National School Lunch Program
Government Donated Commodities

K. Compensated Absences

Accumulated vacation leave and sick leave of governmental fund type employees that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay them. The balance of the liability is recorded in the General Long Term Debt Account Group. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if the employee's rights to payment are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through time off or other means, such as cash payment at termination or retirement. The district uses the vesting method for sick leave liability. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, and any applicable salary related payments.

L. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources.

M. Fund Equity

The District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes, budget stabilization, and prepaid items. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also be established. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual, All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances (GAAP) for governmental funds.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses			
	General	Special Revenue	Capital Project	Expendable Trust
Budget Basis	\$ 125,486	\$ 93,351	\$ (41,658)	\$ 1,548
Adjustments:				
Revenue Accruals	98,982	38,604	(662)	
Expenditure Accruals	(29,940)	(50,067)	1,838	
Encumbrances	116,678	22,603		
GAAP Basis	\$ 311,206	\$ 104,491	\$ (40,482)	\$ 1,548

NOTE 4 – EQUITY IN POOLED CASH AND CASH EQUIVALENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Protection of District deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

At fiscal year end, the District had \$250 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

A. Deposits

At year-end, the carrying amount of the District's deposits was \$806,453 and the bank balance was \$1,002,254.

The District's deposits are categorized below to give an indication of the level of credit risk assumed by the District at year end. Category 1 includes deposits that are insured or collateralized with securities held by the District or its safekeeping agent in the District's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the District's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, trust department, or safekeeping agent, but not in the District's name. The following show District deposits in each category:

Category 1 - \$928,160 was covered by federal depository insurance and by surety company bonds deposited with the treasurer by the financial institution.

Category 2 - \$74,094 was uninsured and uncollateralized because they were secured with securities held by the pledging institution, trust department, or safekeeping agent, but not in the District's name.

B. Investments

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counter party or its trust department but not in the District's name. The investments with Star Ohio are not categorized because the deposits in the account are not evidenced by securities, either in physical or book entry form.

	Carrying Amount	Fair Value
STAR Ohio - Not Categorized	\$ 806,013	\$ 806,013
U.S. Treasury Investments - Category 2	3,971,065	3,971,065
	\$ 4,777,078	\$ 4,777,078

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

C. GASB 9 To GASB 3 Reconciliation

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classification of cash and investments on the combined financial statements and classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 5,583,781	
Reclassifications:		
Cash on Hand	(250)	
STAR Ohio	(806,013)	\$ 806,013
U.S. Treasury Investments	(3,971,065)	3,971,065
GASB Statement No. 3	\$ 806,453	\$ 4,777,078

NOTE 5 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$ 1,629,502,910	80%	\$ 1,670,159,350	80%
Public Utility Personal	150,070,650	7%	156,896,330	8%
Tangible Personal	260,486,925	13%	258,682,864	12%
Total	\$ 2,040,060,485	100%	\$ 2,085,738,544	100%
Tax rate per \$1,000 of assessed valuation	\$3.95		\$3.95	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

The District receives property taxes from various Counties within the District. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$458,305 and was recognized as revenue in the general fund. At June 30, 1998, \$321,572 was available to the District in the general fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables follows:

Receivables	Amount
General Fund:	
Taxes - Current	\$ 4,652,239
Taxes - delinquent	205,457
Accounts receivable	467
Due from other governments	60,138
Special Revenue Funds:	
Accounts receivable	32,215
Due from other governments	198,333
Total	\$ 5,148,849

NOTE 7 – FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

	Balance At 7/1/98	Additions	Retirements	Balance At 6/30/99
Land	\$ 378,920			\$ 378,920
Buildings	4,171,436			4,171,436
Furniture and Equipment	3,547,213	\$ 285,884	\$ 192,993	3,640,104
Moving Vehicles	156,890	22,015	20,615	158,290
Total General Fixed Assets	<u>\$ 8,254,459</u>	<u>\$ 307,899</u>	<u>\$ 213,608</u>	<u>\$ 8,348,750</u>

NOTE 8 – LONG-TERM DEBT

Long-term obligations of the District as of June 30, 1999 were as follows:

	Outstanding At 6/30/98	Additions	Deductions	Outstanding At 6/30/99
Compensated Absences	\$ 329,395	\$ 32,110	\$ 29,271	\$ 332,234
Energy Conservation Loan	500,000		100,000	400,000
Totals	<u>\$ 829,395</u>	<u>\$ 32,110</u>	<u>\$ 129,271</u>	<u>\$ 732,234</u>

The accrued vacation and sick leave benefits recorded above represent the noncurrent portion of the liability. The current portion has been recorded in the appropriate fund types.

On February 1, 1994, the District borrowed \$1,400,00 in the form of a ten-year 4.30% note to finance energy conservation projects. The loan will be paid off with the utility savings generated from the energy improvements in accordance with House Bill 264 and Ohio Revised Code Section 3313.372.

Annual debt service requirements to maturity for the District's energy conservation notes, including interest of \$43,000, are as follows:

Year Ending June 30	Amount
2000	\$ 117,200
2001	112,900
2002	108,600
2003	104,300
Total	<u>\$ 443,000</u>

NOTE 9 – INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Fund	Receivable	Payable
<u>General Fund</u>	\$ 167,538	
<u>Special Revenue Funds:</u>		
Auto Mechanics Rotary		\$ 1,100
Carpentry Rotary		1,000
Adult Ed-Nurse Aide		2,500
Adult Ed-COST		8,200
Adult Ed-EMT/Fire		6,000
Adult Ed-Surgical Tech		3,000
Adult Ed-Diversified Ind. Tech		14,500
Adult Ed-Per Employment Testing		24,500
Adult Ed-Adventure Education		7,200
PIC-Less Than Cost 1999		2,826
PIC-Basic Skills 1999		3,684
Full Service Center 1999		3,000
Career Development 1999		9,914
Disp. Hmkr. 1999		2,612
Equity in STW 1999		12,500
High Schools that Work 1999		9,000
Network Grant 1999		3,043
Carl Perkins Adult 1999		5,718
Carl Perkins 1999		31,863
Pell Grant		394
ONOW Grant 1999		4,984
STW Bldg. A Community 1999		10,000
Total All Funds	\$ 167,538	\$ 167,538

NOTE 10 – OTHER EMPLOYEE BENEFITS

A. Sick Leave

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1¼) days for each calendar month under contract. Sick leave is cumulative to two hundred seventy-two (272) days for certified employees and two hundred-twelve (212) days for non-certified employees.

B. Service Retirement Benefits

1. Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is one-fourth of the certified employee's accrued but unused sick leave days at the time of retirement based on their daily rate times the value of the employee's eligible (68 days maximum) accrued but unused sick leave days.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Employees must have ten years service and retire in the first year they become eligible to be entitled to the maximum of sixty-six (68) days.

2. Certified employees with 10 years of service who do not retire in the first year eligible shall be paid at their daily rate of pay for one-fourth of their total accrued but unused sick leave, not to exceed thirty (30) days.
3. Certified employees who retire under the circumstance described in 1. above will be paid \$125 for every year of service with the EHOVE Board of Education.
4. Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is one-fourth of sick leave days accumulated, but not to exceed fifty-two (52) days. Non-certified employees must have ten or more years of public service at the time of retirement.
5. Non-certified employees shall receive a lump sum payment of \$125 per year of service with the District upon retiring in the first year of eligibility (as defined by the School Employees Retirement System).
6. Administration employees, certified, and non-certified non-union staff are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is that as set forth in the EHOVE Education Association contract for administrators and as set forth in the OAPSE (Ohio Association of Public School Employees) contract for non-certified employees.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$688,624, \$643,831, and \$618,654, respectively; 100 percent has been contributed for fiscal years 1999, 1998 and 1997.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$162,857, \$147,797, and \$138,388, respectively; 100 percent has been contributed for fiscal years 1999, 1997 and 1996.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one member of the Board of Education has elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 – POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1997, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1997, this allocation was increased to 3.5 percent, and beginning July 1, 1998, was increased to 8 percent. For the District, this amount equaled \$393,499 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,199 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 48,200 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$63,092 during the 1999 fiscal year.

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for general liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Losses have not exceeded insurance coverage for the last three years.

The District is a member of the Huron-Erie School Employees Insurance Association, a public entity risk pool currently operating as a common risk management and health insurance program for 14 member school districts. The District pays a monthly premium to the pool for health, prescription drug, dental, and vision coverage. The pool agreement provides that the Association will be self-sustaining through member premiums, and the pool purchased stop-loss coverage from private insurance carriers to cover claims in excess of \$200,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year's total claims. Individual coverage per person cannot exceed \$1,000,000 in claims during his or her lifetime.

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

A. The Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one area school districts. The jointly governed organization was formed for the purpose

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of a dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Bay Area Council of Governments

The Bay Area Council of Governments consists of twenty-six school districts representing seven counties (Crawford, Erie, Huron, Ottawa, Sandusky, Seneca, and Wood). This jointly governed organization was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through Bay Area are natural gas and insurance. The only cost to the districts is an administrative charge if they purchase something through the Council. The Bay Area Council of Governments consists of the superintendent of each school district. The Board of Directors consists of one elected representative from each county, and the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve two-year terms which are staggered. Financial information can be obtained by contacting Betty Schwiefert, who serves as fiscal officer, at 2900 South Columbus Avenue, Sandusky, Ohio, 44870.

NOTE 15 – PUBLIC ENTITY RISK POOLS

A. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Health Benefits

The Huron-Erie School Employees Insurance Association is a shared risk pool, with participants from Erie and Huron Counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Association. All Association revenues are generated from charges for services. Financial information can be obtained by writing to the Erie-Huron-Ottawa County Educational Service Center, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 16 – STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the District received \$2,806,648 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of June 30, 1999, The Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 17 – CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is party to legal proceedings. The District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 18 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance 07/01/98	\$ 0	\$ 0	\$ 48,764
Required Set-Aside	145,327	145,327	72,664
Offset Credits			
Qualifying Expenditures	(145,327)	(145,327)	0
Balance 06/30/99	\$ 0	\$ 0	\$ 121,428

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$121,428</u>
Total restricted assets	<u>\$121,428</u>

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**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR <i>Pass-through Grantor</i>		Federal				Non-Cash
<u>Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disburse- ments</u>	<u>Disburse- ments</u>
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through the Ohio Department of Education</i>						
Governmental Donated Foods Program	N/A	10.550		\$ 7,436		\$ 8,859
National School Lunch Program	03-PU-98	10.555	\$ 1,370		\$ 1,370	
	03-PU-99		6,518		6,518	
	04-PU-98		1,194		1,194	
	04-PU-99		7,984		7,984	
Total - National School Lunch Program			17,066		17,066	
Total Department of Agriculture			17,066	7,436	17,066	8,859
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed Through the Ohio Department of Education</i>						
School-To-Work Grant	STW-1998-FED	17.249	12,103		12,630	
	STW-1998-FED				2,623	
	STW-1999-FED		30,000		21,377	
	STW-1999-FED		27,000		21,036	
	STW-1999-FED		75,000			
<i>Passed Through Pioneer Career and Technology Center</i>						
School-To-Work Grant	N/A	17.249	8,171		5,298	
	N/A		5,000		5,000	
Total School-To-Work Grant			157,274		67,964	
Total Department of Labor			157,274		67,964	
UNITED STATES DEPARTMENT OF TRANSPORTATION						
<i>Passed Through Ohio Department Of Transportation</i>						
State and Community Highway Safety	1998-EM-N	20.600	11,624		6,752	
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through the Ohio Department of Education</i>						
Vocational Education - Basic Grants to States	VECPII-S-97	84.048			8,568	
	VESE-SP-98		452			
	VESE-ONOW-98		1,087			
	VESE-ONOW-98		150			
	VESE-STW-98		12,000		49,557	
	VESP-CG-98		6,858		4,199	
	VESE-NET-98		3,000		2,353	
	VECP-S-98		30,018		18,365	
	VECP-A-98		5,224			
	JOBS-97-002				511	
	VESE-ONOW-98		9,375		9,485	
	VESE-HSTW Co				4,650	
	VESE-STW-99		68,000		64,129	
	VESE-VBO-99		34,793		30,325	
	VESP-CG-99		51,359		53,909	
	VESE-NET-99		17,000		19,843	
	VECP-S-99		180,560		212,423	
	VECP-A-99		32,399		38,116	
	VESE-CUR-99		7,707		4,463	
	VESE-ONOW-99		42,500		46,959	
Total Vocational Education Basic Grants To States			502,482		567,855	

(Continued)

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1998
(Continued)**

FEDERAL GRANTOR <i>Pass-through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
Program Title						
Eisenhower Professional Development Grant	MS-SI-99	84.281	1,872		1,643	
Innovative Education Program Strategies	C2-SI-99	84.298	2,900		1,511	
<i>Direct Payment - United States Department Of Education</i>						
Telecommunications E-Rate Program		84.XXX	7,433		2,059	
Federal Pell Grant Program	N/A	84.063	<u>204,909</u>		<u>205,303</u>	
Total Department of Education			<u>719,596</u>		<u>778,371</u>	
OTHER FEDERAL ASSISTANCE						
<i>Direct Payment - United States Department Of Armed Forces</i>						
Junior Air Force ROTC Program	N/A	N/A	<u>21,627</u>		<u>21,627</u>	
Total Federal Financial Assistance			<u>\$ 927,187</u>	<u>\$ 7,436</u>	<u>\$ 891,780</u>	<u>\$ 8,859</u>

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State and local funds. It is assumed federal monies are expended first. At June 30, 1999, The District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

EHOVE Joint Vocational School District
Erie County
316 Mason Road West
Milan, Ohio 44846-9771

To the Board of Education:

We have audited the financial statements of the EHOVE Joint Vocational School District, Erie County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated March 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 8, 2000.

This report is intended for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

EHOVE Joint Vocational School District
Erie County
316 Mason Road West
Milan, Ohio 44846-9771

To the Board of Education:

Compliance

We have audited the compliance of the EHOVE Joint Vocational School District, Erie County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 8, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

EHOVE JOINT VOCATIONAL SERVICE CENTER

ERIE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 4, 2000**